For Action

Revenue Control Strategy – Phase One: Response to the Auditor General Revenue Operations Phase One - Fare Evasion and Fare Inspection Report

Date: September 24, 2019
To: TTC Board
From: Deputy Chief Executive Officer – Operations

Summary

The Auditor General's 2018 Audit Work Plan, received by City Council on December 5, 2017, included a review of the efficiency and effectiveness of Toronto Transit Commission's (TTC) Revenue Operations. The Audit was conducted in two phases from November 2018 to August 2019.

Phase One of the audit focused on fare evasion and the estimated loss of passenger revenue. The *Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection* report presented to the TTC Board on February 27, 2019 produced 27 recommendations ("Phase One report"). The intended benefits of these recommendations are to decrease the TTC's fare evasion rates and, thereby, increase fare revenue.

Phase Two will focus on the completeness of PRESTO revenue data received from Metrolinx and the TTC's contract management. The Auditor General will present her findings for this phase to the TTC Board at its October 21, 2019 meeting.

In February 2019, the TTC Board endorsed the Phase One report and recommendations. This report is an outline of the TTC's Revenue Control Strategy, related accomplishments and work plan to meet the recommendations.

It is important to note that, while this report outlines various initiatives the TTC will implement to meet the recommendations of the Phase One report, all initiatives will be implemented in the context of the concerns and recommendations of the broader public and as outlined in the Ombudsman's report, which is also before the Board. The TTC fully accepts its responsibility to ensure that no fare enforcement or fare collection initiative implemented through the Revenue Control Strategy disproportionately impacts any identifiable group, including racialized groups.

Updates on the status of the Phase One report and recommendations will be reported to the TTC's Audit and Risk Management Committee.

Recommendations

It is recommended that the TTC Board:

1. Endorse the Revenue Control Strategy and work plan as outlined in this report; and

2. Direct TTC staff to report on the status of the Phase One report and recommendations to the TTC Audit and Risk Management Committee.

Revenue Control Strategy – Timelines and key accomplishments

The Revenue Control Strategy phase one work plan has incorporated actions to respond to all 27 recommendations through the development of a number deliverables categorized into four work streams. Actions to address the recommendations started in Q1 2019 and are planned to be completed Q4 2020. The work streams and proposed timelines are as follows:
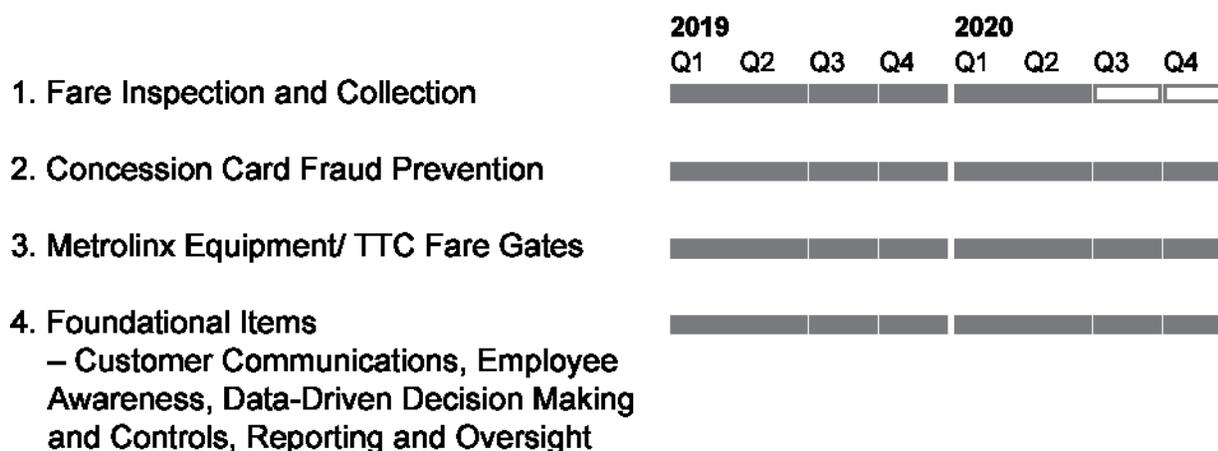

Figure 1 - Revenue Control Strategy - Work plan timelines

As with most audits, the TTC has accepted the gravity of the recommendations and has taken immediate action in all four work streams. Some of the key immediate actions taken were:

1. **Fare Inspection and Collection –** This work stream includes the development of a Fare Inspection and Collection Framework, revisions/development of supporting procedures, systems and training.
   - As part of the TTC's 2019 Operating Budget, the TTC Board recommended and City Council approved funding for the hiring an additional 70 Transit Enforcement personnel: 45 Transit Fare Inspectors (TFI), 22 Transit Enforcement Officers (TEO) and three Administrative and Supervisory support. It should be noted that as part of their training package, these new team members will be provided with diversity and human rights training to balance revenue concerns with fare inspection. As of September 2019, the training program has been revised to include *Confronting Anti-Black Racism* training in order to conduct fare enforcement in a way that respects the dignity of all diverse customers. When the

TTC implements its anti-racism program, this training will be updated accordingly.

- Quality assurance audits were completed to ensure that fare lines are not left open.
- Additional training was developed and delivered to all Collectors on fare line policies and procedures to ensure that they are not left open.
- Guiding principles for the fare inspection and collection program were developed. (See Equity/Accessibility Matters section for more details.)

2. **Concession Card Fraud Prevention –** This work stream will focus on tightening controls around third-party distribution of concession cards, increasing identification of concession cards and enabling hot-listing fraudulently used concession cards.
   - The TTC immediately stopped the distribution of complimentary child and youth PRESTO concession cards to schools until appropriate controls are put in place. It should be noted that PRESTO child concession cards are still available through Shoppers Drug Mart locations because it is a universal concession setting and is not specific to TTC.
   - A request has been submitted to Metrolinx to improve training, controls and monitoring for third-party distribution of PRESTO concession cards.

3. **Metrolinx Equipment/TTC Fare Gates –** This work stream includes the implementation of hardware and software changes to TTC fare gates and Metrolinx equipment in order to increase reliability and availability.
   - Efforts are underway to improve the availability and reliability of equipment. Change requests have been submitted to Metrolinx to implement new functionality to address these concerns. For example, a change request was submitted to improve software application logic and interface for the hand-held fare inspection devices to increase the rate of fare inspections conducted by TTC staff.
   - New programs for software and hardware enhancements have been initiated with Scheidt & Bachmann (S&B), the fare gate manufacturer, to further improve reliability for our customers.

4. **Foundational –** The foundational work stream is supporting group of actions that are continuously updated as the primary work streams in the Revenue Control Strategy are developed and implemented.
   - *Customer Communications* – The TTC launched a new fare evasion advertising campaign to educate people about the consequences of not paying a fare, specifically making customers aware of fines of up to $425.
   - *Data-Driven Decision Making and Controls* – Recognizing the existing work of staff, revenue control and analytics capacity was created in the Finance Department in March 2019 with the repurposing of existing resources funded in TTC's 2019 Approved Operating Budget. A Revenue Control Unit (RCU) builds on the existing monitoring, analysis, reporting and forecasting of ridership and legacy fare revenue activities undertaken for the organization. Since March, the RCU has established additional analytics and reporting capabilities to improve the evidence base for fare inspection and fare collection programs to direct resources to those locations/times of day with higher risk of evasion and/or

equipment failures. Some examples include, analysis on fare gate event data, fraudulent use of PRESTO child concession cards, etc.

- **Employee Awareness** –
  - Bus and streetcar operators were reminded to observe customers paying their fare, inform customers about appropriate fare payment if it appears a fare has not been paid and to report the inappropriate or lack of fare payment by pushing the fare dispute key. The fare dispute key data aids in the strategic deployment of TEO's to bus routes and times. TEO's ride buses on those routes to support the operator and have a visible presence. During the detail TEO's will provide education and enforcement as required.
  - All TTC employees were reminded in mid-July 2019 to do their part to ensure they are riding the system fairly. Each TTC employee is issued an ID card and is responsible to safeguard that card, always have it with them while on duty and produce it as proof of identity when requested.
- **Reporting and Oversight** – A two-phased field study was conducted by the Audit, Risk and Compliance (ARC) department to observe customer PRESTO tapping behaviour on King and Queen streetcar routes. The first phase involved observations being made by four ARC staff and phase two involved four ARC staff paired with four TFIs. The visible TFI presence significantly improved tapping behaviour from 64% in phase one to 80% in phase two. The non-tapping customers were inspected by TFIs in phase two with 11% confirmed to have valid POP or made a payment at the fare vending machines, 3% did not have valid POP and the remaining 6% could not be inspected due to high customer volume. In response to this study and previous observations, the TTC will be relaunching the 'Tap Every Time' campaign.

To reinforce this work plan, regular reporting and a supporting governance structure will be implemented.

Financial Summary

As part of the TTC's 2019 Operating Budget, the TTC Board recommended and City Council approved $4.5 million ($7 million on an annual basis) towards hiring an additional 70 Transit Enforcement personnel: 45 Transit Fare Inspectors (TFI), 22 Transit Enforcement Officers (TEO) and three Administrative and Supervisory support roles. By the end of 2019, all 45 TFIs will be hired, trained and deployed bringing the TFI workforce total to the budgeted workforce of 111 positions. The 22 TEOs budgeted for 2019 will be hired, trained and deployed by year-end, as planned. This will bring us to the budgeted workforce of 73.

The deployment of these employees has been informed by the some of the strategies that have been employed as part of the Revenue Control Strategy work plan, which includes data analytics to identify areas of risk for passenger revenue loss.
In addition to the new 2019 funding approved for Transit Enforcement personnel, existing funding was reallocated to create the capacity for PRESTO data analytics and revenue monitoring and control in the Finance Department with the establishment of a Revenue Control Unit in March 2019 with the repurposing of existing funding The RCU

builds on the existing monitoring, analysis, reporting and forecasting of ridership and legacy revenue activities undertaken for the TTC. Since March, the RCU has established additional analytics and reporting capabilities to improve the evidence base for fare inspection and fare collection programs to direct resources to those locations/times of day with higher risk of evasion and/or equipment failures.

Hiring of these roles has been underway throughout 2019 and we expect the impact of these additional resources to continue into 2020. These employees, combined with additional revenue control strategies (i.e. customer and employee awareness campaigns, hardware and software changes to PRESTO equipment and TTC fare gates in order to improve reliability and availability etc.) are expected to reduce future revenue loss.

Finally, as part of the Revenue Control Strategy work plan, there are a number of business case and cost benefit analyses that will need to be undertaken. The Audit, Risk and Compliance Department will be conducting a full fare evasion audit, incorporating the Auditor General's methodology, to develop a baseline fare evasion rate for all modes. This work will directly inform the establishment of TTC's fare evasion targets. Any additional costs associated with the implementation of subsequent Revenue Control Strategy actions will be included in 2021 and future TTC Capital and Operating Budget submissions for their consideration, as required.

Equity/Accessibility Matters

As an organization, the TTC is committed to promoting and supporting diversity and inclusion in all corporate policies, procedures, processes, programs and services in order to reflect and respond to the needs of our employees, contractors and customers.

The new Fare and Inspection Framework provides the TTC with an opportunity to advance the guiding principles of the fare inspection and collection program:
- To reduce fare evasion across all modes, and to establish annual levels using a progressive model (from warnings to tickets) while continuing to ensure a fair and equitable program that considers the needs of all diverse users, including those who are unable to pay.
- Zero-tolerance (no warning) for someone caught fraudulently using the wrong concession card (i.e. child card).

This framework will be developed using a diversity and inclusion lens. The framework will result in revising/developing policies, procedures, tools and systems and the supporting organizational structures while encompassing diversity, inclusion and human rights.

The framework will also take into account the recommendations within the *Ombudsman Toronto Enquiry Report: Review of the TTC's Investigation of a February 18, 2018 Incident Involving Transit Fare Inspectors*. This includes a re-organization of the Transit Enforcement Unit, which includes revisiting roles and responsibilities, authority levels, tools and uniforms. As an organization, we will be shifting the culture from a traditional policing model towards a model based in security and customer service.

In addition to the recommendations put forward by the Ombudsman, we are introducing a series of anti-racism measures, which include:

- Meeting with external stakeholders, including leaders and experts on race relations, to develop a comprehensive anti-racism strategy;
- Holding public consultations with members of the impacted communities before the end of this year;
- Setting up an anti-racism task force; and
- A strengthened and updated program of anti-racism training for TFIs and TEOs (Special Constables) to ensure that they are all familiar with best practices in this vital area and are well-equipped for their interactions with members of the public.

The TTC's anti-racism program will be woven into all key areas of the TTC's business, including strategic leadership, research (including data collection and analysis), human resources management and stakeholder engagement. We will involve Toronto's racialized communities leveraging their experiences, insights and solutions.

The work to address the Ombudsman's recommendations will be primarily lead by the TTC's Diversity and Human Rights Department.

Decision History

The Auditor General's annual Audit Work Plan is based on projects identified from the latest risk assessment, as well as consultations with City Councillors and City management. The Audit to review the efficiency and effectiveness of the TTC's Revenue Operations was originally included in the 2017 Audit Work Plan. At the request of the TTC Chief Executive Officer, the planned audit of revenue operations was deferred to 2018. The Auditor General recognized that the upcoming opening of the Toronto-York Spadina Subway Extension was a significant undertaking that demanded the attention of virtually every TTC department in 2017.

- Auditor General's 2018 Audit Work Plan – City Council Item AU10.7
    - http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.AU10.7

At its February 26, 2019 meeting the TTC's Audit and Risk Management Committee received a presentation from the Auditor General, and endorsed all 27 recommendations contained within the Auditor General's Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection report and forwarded the report the TTC Board.

- Report presentation to TTC February 26, 2019 Audit and Risk Committee
    - http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Committee_meetings/Audit_Risk_Management/2019/Feb_26/Reports/2_AG_Report_Review_of_TTC%27s_Revenue_Operations_Phase_One_upd.pdf

At its February 27, 2019 meeting the TTC Board accepted all 27 recommendations included in the Phase One report and adopted 12 member motions. The Board forwarded the report to City Council for information through the City's Audit Committee.

- Report presentation to February 27, 2019 TTC Board
  - Link to report:
    http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/February_27/Reports/3_AG_Report_Review_of_TTCs_Revenue_Operations_updated.pdf
  - TTC Presentation:
    http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/February_27/Reports/3_TTC_Presentation_AG%27s_Report_TTC_Revenue_Operations.pdf
  - Decision:
    http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/February_27/Reports/Decisions/3_AG_Report_Review_of_TTC_Revenue_Operations_Phase_One_Fare_.pdf

At its April 11, 2019 meeting, the TTC Board adopted a member motion requesting a report on policies and procedures in place to govern the enforcement, training, collection, retention, access, sharing and destruction of personal information collected as part of the fare inspection program.

- Notice of Motion – Request for Report on Policies Regarding the Collection of Personal Information (Fare Inspection Program):
  http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/April_11/Reports/Decisions/22_Request_for_Report_on_Policies_Personal_Information_Fare_.pdf

At its May 3, 2019 the City of Toronto Audit Committee accepted all 27 recommendations included in the Phase One report. The Audit Committee forwarded the report to City Council for information, where City Council adopted the following Audit Committee member motions without amendments and without debate:

1. City Council direct the City Manager to write to the Metrolinx Chief Executive Officer, to request that Metrolinx, as the owner of PRESTO, support the Toronto Transit Commission with all reasonable measures possible to detect and control fare evasion and to implement the City Auditor General's Fare Evasion Report recommendations.
2. City Council receive for information, the following:
   a. The transmittal letter (March 1, 2019) from the Head of Commission Services, Toronto Transit Commission.
   b. The report (February 21, 2019) from the Auditor General, headed *Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection*.

- City Council – May 14, 2019 Item AU2.5:
  http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.5

Issue Background

Fare evasion is one of the risks causing loss of passenger revenue. The objectives of the Phase One audit were to assess the effectiveness and efficiency of the TTC's controls intended to minimize revenue loss from fare evasion risks, including its fare inspection program.

Based on the data collected and analyzed, the Auditor General estimated that the TTC lost $61 million in passenger revenue in 2018 due to fare evasion and an additional $3.4 million in revenue loss due to malfunctioning Metrolinx equipment. The Phase One report provided 27 recommendations that are intended to contribute to decreasing the TTC's fare evasion rates and increasing passenger revenue. They are also intended to improve effectiveness and efficiency of the fare inspection program.

Comments

Revenue Control Strategy Benefits

Fare evasion is an issue facing many transit agencies. The fares we collect help us limit fare increases, deliver service and maintain our system. When a customer does not pay their fare, it impacts our ability to do this.

Fare evasion includes:
- Illegal entry into a subway station through a bus bay;
- Entering a fare gate without paying (including pushing a gate, hopping over a gate, walking behind someone (also known as tailgating) or holding a gate open;
- Paying an incorrect fare (i.e. adults using concession fares such child, youth or senior); and
- Boarding a bus or streetcar without paying.

The Revenue Control Strategy Phase One work plan has incorporated responses to all 27 recommendations of the *Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase One – Fare Evasion and Fare Inspection* report through the development of a number deliverables categorized into four work streams. The work streams are as follows:

1. Fare Inspection and Collection
2. Concession Card Fraud Prevention
3. Metrolinx Equipment/TTC Fare Gates
4. Foundational Items – Customer Communications, Employee Awareness, Data-Driven Decision Making and Controls, Reporting and Oversight

The key benefits to be realized by implementing this work plan are to increase passenger revenue and fare compliance. Through this work plan, fare evasion targets will be set and fare evasion rates will be publicly published.

Revenue Control Strategy work plan

As noted earlier there are four primary work streams, and most of the components of the work plan cross multiple work streams.

1. *Fare Inspection and Collection*

This work stream includes the development of a Fare Inspection and Collection Framework, revisions/development of supporting procedures, systems and training. This work will be in concert with a review of the supporting organizational structure, roles and responsibilities, tools and authority levels. The Fare Inspection and Collection Framework describes what we are doing and how we are doing it. Woven into this framework document will be:

- A progressive warning system;
- Different strategies per mode, including effective off-boarding inspection processes; and
- Deployment strategies grounded on data-driven, risk-based decisions.

It is important to reiterate that this work overlaps with other recommendations that the organization will be addressing, specifically, the *Ombudsman Toronto Enquiry Report: Review of the TTC's Investigation of a February 18, 2018 Incident Involving Transit Fare Inspectors*. In addition to the recommendations put forward by the Ombudsman, we are introducing a series of anti-racism measures. Our anti-racism program will be woven into all key areas of the TTC's business, including: strategic leadership, research (including data collection and analysis), human resources management and stakeholder engagement. We will involve Toronto's racialized communities leveraging their experiences, insights and solutions. Adjustments to deliverables produced from this work stream may be required as result of the TTC's Fare Strategy. For information on this strategy, refer to end of the Comments Section in this document.

Specific deliverables include:
- Fare evasion targets;
- Fare inspection and collection program (framework, supporting processes and templates);
- Fare inspection appeal process;
- Fare inspection and collection training program revisions;
- Transit Enforcement Unit re-organization (roles and responsibilities, authority levels, tools and uniforms); and
- Fare Policy revision.

Key challenges for this work stream are:
- *Realistic target setting for fare evasion* – Fare evasion is a challenge for all transit agencies. Developing strategies and implementing controls to address fare evasion will take time and expectations will need to managed accordingly.
- *Development of a fair and equitable program that considers the needs of all users* – The TTC fully accepts its responsibility to ensure that no fare enforcement or fare collection initiative implemented through the Revenue Control Strategy disproportionately impacts any identifiable group, including racialized groups.

- *Update to Proof-of-Payment Fare Policy* – In order to have proof-of-payment on all modes, the Proof-of-Payment Fare Policy will require updating and approval by the TTC Board.
- *Update to TTC By-Law No. 1* – As currently written, the TTC By-law No. 1 sufficiently deals with proof of payment. However, the By-law is currently under review/revision to tighten language and clarify the intent of existing provisions. The updating of the By-law requires extensive internal TTC review, TTC Board approval and Ontario Court of Justice approval. The process could take upwards of a year to complete.

Rec.#	Recommendation	Status update
1	Fare evasion targets and revenue loss strategies (Q2 2019 – Q4 2020)	• Q2 2019: Fare evasion guiding principles developed (see Equity/Accessibility Matters section of this report). • Q4 2019: Retained KPMG for benchmarking with industry peers on fare evasion targets, guiding principles and strategies to reduce revenue loss due to fare evasion. Benchmarking to be completed by year-end. • Q3 2020: Fare evasion targets set by mode. • Q4 2020: Implement requested hardware and software changes as detailed in subsequent recommendations.
4	Fare inspection data collection and training (Q3 2019 – Q1 2020)	• Q3 2019: An initial training module on the importance of data collection was developed and delivered to all of the fare inspectors and enforcement officers. • Q4 2019: Retained KPMG for benchmarking with industry peers on performance expectations, methods for ongoing monitoring of staff performance and regular review of inspection data. Benchmarking to be completed by year-end. • Q4 2019: Data collection processes to be informed by a third-party privacy review as outlined in Board report in response to Ombudsman's report. Processes and training will be updated accordingly. • Q1 2020: Performance expectations, methods for ongoing monitoring of staff performance and regular review of inspection data. • Q1 2020: Fare inspection and collection training program drafted, subject to stakeholder consultations.
5	Streetcar fare inspection and collection (Q3 2019 – Q1 2020)	• Q3 2019: An interim operational deployment plan for the Transit Enforcement Unit was developed for high-risk streetcar lines for "blitz" in August. Deployment was developed based on data from fare dispute key, field observations and PRESTO tap data. • Q3 2019: A two-phased field study was conducted by the Audit, Risk and Compliance (ARC) department to observe customer PRESTO tapping behaviour on King and Queen streetcar routes. The first phase involved observations being made by four ARC staff and phase two involved four ARC staff paired with four TFIs. The visible TFI presence significantly improved tapping behaviour from 64% in phase one to 80% in phase two. The non-tapping customers were inspected by TFIs in phase two with 11% confirmed to have valid POP or made a payment at the fare vending machines, 3% did not

Rec.#	Recommendation	Status update
		have valid POP and the remaining 6% could not be inspected due to high customer volume. Insights and observations will inform streetcar fare inspection strategy. • Q1 2020: Fare Inspection and Collection Framework and associated processes drafted, subject to stakeholder consultations.
6	Bus fare inspection and expansion (Q1 2019 – Q1 2020)	• Q1 2019: 11 Transit Fare Inspectors (TFIs) hired, trained and deployed in May. These resources were part of the 2018 budget. • Q2 2019: Bus and streetcar operators were instructed to use fare dispute key when observing customers not paying a fare. Also, to educate customers of the requirement to pay a fare. Data from the fare dispute button is incorporated into the BUS STOP (Bringing Uniform Support to Surface Operating Personnel) initiative. The data aids in the strategic deployment of TEO's to bus routes and times. TEO's ride buses on those routes to support the operator and have a visible presence. During the detail TEO's will provide education and enforcement as required. • Q2 2019: 15 TFIs hired, trained and deployed in July. • Q2 2019: 20 Transit Enforcement Officers (TEOs) hired and trained. Deployment on target for end of September. • Q3 2019: 17 TFIs hired and trained. Deployment on target for end of September. • Q4 2019: 22 TFIs to be hired for mid-October 2019. • Q1 2020: 8 TEOs to be hired. As part of the TTC's 2019 Operating Budget, the TTC Board approved hiring an additional 70 Transit Enforcement personnel, including 45 Transit Fare Inspectors, 22 Transit Enforcement Officers and 3 Administrative and Supervisory support roles. As of the end of August 2019, 26 of 45 Fare Inspectors were hired, trained and deployed; with the remaining on target for year-end. The 20 of 22 Transit Enforcement Officers have been hired and are in the midst of training, with deployment targeted for the end of September. • Q1 2020: Fare Inspection and Collection Framework and associated processes drafted, subject to stakeholder consultations. • Q2 2020: Using automatic passenger count boarding data overlaid with PRESTO transaction data heat maps will be produced to target deployment of Transit Enforcement personnel to possible locations of fare evasion.
8	Subway fare inspection and expansion (Q1 2019 – Q1 2020)	1. Q1 2019: Commencing March 2019 the following subway-related initiatives have been undertaken by TEU. Deployment of resources were based on data analytics conducted on PRESTO concession card taps: a) Fare Inspections have dropped by nearly 50% (700,710) compared to inspections conducted in 2017 (1,467,9380) and 2018 (1,268,605). This decrease is due to the sharp increase in infractions as well as a number of field audits and initiatives that have been undertaken. b) Provincial Offence Notices have increased by 39% in 2019 (7,552) compared to charges issued during the same time period

Rec.#	Recommendation	Status update

		in 2017 (4,568) and 2018 (4,484). These numbers do not include 63 Fraud arrests resulting from Child PRESTO card misuse.
		   c) TEOs have seized 71 Child Concession PRESTO cards since March 2019 due to fraudulent usage.
		   d) During the same time period, 660 PRESTO cards have been hot-listed (blocked) due to misuse.
		• Q1 2019: TFIs worked along side TEOs in a plain clothes capacity with regards to possible fraudulent usage of PRESTO child concession cards. Data was compiled by our RCU and a strategic deployment of our inspectors/ officers was put forward to target the misuse at high incident stations. As a result of this data, over a 4-week period, concession card inspections were conducted, which led to 291 criminal and provincial charges for the 7140 concession cards physically checked.
		• Q2 2019: Fare gate settings have been adjusted to reduce the length of time to remain open for all gates, except wide aisle gates. Wide aisle gates have remained at 20 seconds for accessibility reasons.
		• Q1 2020: Fare Inspection and Collection Framework and associated processes drafted, subject to stakeholder consultations.

9	Strategies to reduce illegal subway entries (Q1 2019 – Q1 2020)	• Q1 2019: Settings were updated on fare gates to have the paddles remain closed at all times, unless TTC staff are present. All fare gates still allow for emergency egress. • Q2 2019: A review was conducted of all stations entrances to determine which would be of high risk for illegal entry. This work has informed staff deployments accordingly. • Q2 2019: A focused effort has been placed on unscheduled Collector breaks. Daily reports on Collector unscheduled breaks are reviewed by Station Supervisors who then go out to talk to Collectors re. any potential reported issues of unscheduled break abuse. • Q3 2019: A review was conducted of all uniformed supervisory staff in order to re-distribute supervisory resources across the system where they are needed. Priority was given to stations with high customer volumes, terminal locations, turn back locations, yard locations and intermodal locations. Revised reporting locations were put in place early September 2019. • Q3 2019: A fare gate software update has been developed and we are currently conducting a pilot at a small number of stations until mid-September. If approved the deployment should be completed by the end of September. Once the software is deployed, the collection of fare gate event data can begin, so that information can be used to determine the rate of illegal entries at subway stations and to strategically allocate fare inspection resources. • Q4 2019: 37 stations will have all fare line barriers installed. This eliminates the current gap between the collector booth and the first fare gate. • Q4 2019: Cost benefit analysis conducted on whether to keep secondary entrances open, revert entrances to exit only, install high gates at high risk stations or to add staff to these entrances.

Rec.#	Recommendation	Status update
		• Q4 2019: A review was completed of the views required for secondary entrance fare line cameras. Change requests have been processed with our Communications team to add these views to the current booth monitors. CSA and Collectors can view customer entry and exit of the auto entrances while either working in the booth (Collector) or working at the main entrance (CSAs). • Q1 2020: 28 stations will have all fare line barriers installed. This eliminates the current gap between the collector booth and the first fare gate.
20	Mix of Transit Fare Inspectors vs. Transit Enforcement Officers (Q2 2019 – Q2 2020)	• Q4 2019: Benchmarking with industry peers on fare inspection program structure, including supporting organizational structure, authority levels, tools and uniforms. • Q2 2020: Transit Enforcement Unit re-organization (roles and responsibilities, authority levels, tools and uniforms), subject to stakeholder consultations.
21	Authority level, tools, and uniforms for Transit Fare Inspectors (Q2 2019 – Q2 2020)	• Q4 2019: Benchmarking with industry peers on fare inspection program structure, including supporting organizational structure, authority levels, tools and uniforms. • Q2 2020: Transit Enforcement Unit re-organization (roles and responsibilities, authority levels, tools and uniforms), subject to stakeholder consultations.
23	(Off-boarding) fare inspection process (Q3 2019 – Q1 2020)	• Q1 2020: The Transit Enforcement Unit and Audit, Risk and Compliance Department will review the current off-boarding process to determine how to inspect more customers without restricting the movement of customers in the stations. This work will be included in the Fare Inspection and Collection Framework (see recommendations 5, 6 and 8).
24	Access to previous fare evaders information (Q2 2019 – Q1 2020)	• Q1 2020: A new records management software application to track offenses has been procured. Data collection processes to be informed by a third-party privacy review as outlined in Board report in response to Ombudsman's report. • Q1 2020: The TTC procured a record management system known as the Ontario Police Technologies Information Cooperative (OPTIC). It is used by the Ontario Provincial Police, 29 Municipal Police Services, six First Nation Police Services, and others. OC Transpo, Metrolinx and Via Rail use OPTIC and, we understand, York Regional Transit is currently creating its justification. Other Special Constable agencies such as University of Toronto Police, and Toronto Community Housing are also members of OPTIC. A new records management software application to track offenses has been procured and a privacy review will be conducted before this software is implemented. A change request has been submitted in order to provide the mobile access to this application.

Rec.#	Recommendation	Status update
26	Fare inspection and appeal process efficiency (Q4 2019 – Q1 2020)	• Q4 2019: Review of shift assignments and schedules are underway to ensure efficiency with less travel time between reporting locations and assignments. • Q4 2019: Benchmarking with industry peers on fare inspection appeal process. • Q1 2020: Review of data entry processes to find efficiencies in tracking information. • Q1 2020: Review of fare inspection and appeal process, subject to stakeholder consultations.
27	Proof-of-Payment Fare Policy revision to enable fare inspection (Q2 2019 – Q2 2020)	• Q1 2020: Update Proof-of-Payment Fare Policy to enable proof-of-payment on all modes. • Q2 2020: Updated TTC By-law No. 1 is currently undergoing an internal review with update to Board in early 2020.

Table 1 - Fare Inspection and Collection work stream status update

2. *Concession Card Fraud Prevention*

The TTC has different fares for adults, post-secondary students, seniors and youths. Valid government issued photo identification must be shown in order to set a youth, post-secondary student or senior discount on a PRESTO card. This work stream will focus on tightening controls around third-party distribution of concession cards, increasing identification of concession cards and enabling hot-listing fraudulently used concession cards.

Specific deliverables include:
• Refreshed PRESTO concession card business case;
• Improved controls and monitoring for third-party distribution of PRESTO concession cards;
• Visually distinct PRESTO child concession cards;
• Visually distinct lights and sounds on card reader equipment for PRESTO concession cards; and
• Hot-listed (blocked) card information for all transit properties.

Key challenges for this work stream:
• ***Dependency on vendors for resolution*** – Dependency on Metrolinx to agree to, and implement, requested hardware and software changes. They will determine the cost and schedule for addressing these recommendations. In addition, some changes are complex in that they will need to be the same for all of their customers, and will require extensive consultation.

Rec.#	Recommendation	Status update
13	Reassess the need for PRESTO child concession cards (Q1 2019 – Q1 2020)	• Q1 2019: TTC immediately stopped the distribution of complimentary child and youth PRESTO cards until appropriate controls are put in place.

Rec.#	Recommendation	Status update
		• Q1 2020: Retain a third-party consultant to assist in the refresh of the concession card business case. • Q1 2020: Complete concession card business case refresh.
14	PRESTO child concession card controls (Q1 2019 – TBD)	• Q1 2019: TTC immediately stopped the distribution of complimentary child and youth PRESTO cards until appropriate controls are put in place. • Q1 2019: TTC.CA and promotional materials were updated in February 2019 to remove references to complimentary child and youth cards.
15	Visually distinct PRESTO child concession cards (Q2 2019 – TBD)	• Q3 2019: A change request was submitted to Metrolinx to create visually distinct PRESTO child concession cards. Metrolinx will be developing in a business case, in consultation with TTC, to address this request. Timelines to be provided by Metrolinx.
16	Visually distinct lights and sounds and on card reader equipment for PRESTO child concession cards (Q2 2019 – Q2 2020)	• Q3 2019: A change request was submitted to Metrolinx to make changes to the PRESTO card reader screens to have visually distinct lights and sounds based on concession fares – child, private cards, adult (fair pass cards treated as adult cards), other non-zero cards (youth, senior). Schedule and cost estimates are expected by 2019 year-end. • Q2 2020: Cost benefit analysis to consider making changes to TTC buses to include additional equipment (above and beyond PRESTO card readers) to display of the PRESTO concession type for bus operators. This will not include streetcars, since the new streetcar operators are in an enclosed compartment.
17	Distribution control and monitoring improvements for PRESTO child concession cards (Q2 2019 – Q4 2020)	• Q3 2019: A change request was submitted to Metrolinx to ensure additional management oversight and consistent application of controls for the sale and the issuance of PRESTO cards and concession setting at Shoppers Drug Mart (SDM) locations. This would include the application of the TTC business rules, including verifying age by government issued ID or TTC photo ID and ensuring the child's birthdate is entered correctly as this determines when the child concession will expire. • Ongoing: Metrolinx will continue to conduct ongoing re-enforcement of TTC business rules.
18	Strategies for reducing fraudulently used PRESTO child concession cards (Q2 2019 – Q2 2020)	• Q2 2019: Guiding principle: TTC has "zero tolerance" approach for misused PRESTO child concession card. Any customer found improperly using a PRESTO child concession card will be issued an offence notice and the card is confiscated. • Q2 2019: As a result of reports developed by the revenue control area, the TEU conduct inspections targeting key stations and stops that had unusual usage for the child concession cards. For example, in March during a four-week blitz focusing on the misuse of PRESTO child concession cards resulted in 291 Provincial and Criminal charges being laid for the 7140 concession cards physically checked.

Rec.#	Recommendation	Status update

		• Q3 2019: A change request was submitted to Metrolinx to enable TTC to confirm PRESTO cards hot-listed (blocked) by TTC staff are actually blocked by the system and prevented from being used further or exist on the hotlist pending pick-up and blocked action. Schedule and cost estimates are expected by 2019 year-end.
		• Q3 2019: Preliminary analysis was conducted on PRESTO child concession card transactional data to determine overall PRESTO card usage and station-by-station usage of the PRESTO child concession card. See results of this analysis in "Appendix 2 – Child card analysis".
		• Q4 2019: Hot-listed (blocked) cards on TTC network report.
		• Q2 2020: A specific, costed action plan to reduce PRESTO child concession card fraud and evasion will be completed after a couple of key actions are finalized from the Concession Card Fraud Prevention work stream, specifically:
		  • Improved controls and monitoring for third-party distribution of PRESTO concession cards.
		  • Cost and time estimates are provided by Metrolinx for implementing revised procedures for third-party distribution of PRESTO concession cards (Q4 2019).
		  • Cost and time estimates are provided by Metrolinx for implementing visually distinct PRESTO concession cards (Q4 2019).
		  • Cost and time estimates are provided by Metrolinx for implementing visually distinct lights and sounds on card reader equipment for PRESTO concession cards (Q4 2019).
		  • Refreshed Child PRESTO card business case – determine if we stop selling or keep selling (Q2 2020).

19	Temporarily suspend PRESTO child concession cards (Q1 2019 – Q2 2019)	• Q1 2019: TTC immediately stopped the distribution of complimentary child and youth PRESTO cards until appropriate controls are put in place. • Q2 2019: Confirmed technical options for suspending use of PRESTO child concession cards on TTC network. This information will directly inform the concession card business case refresh under recommendation #13.

Table 2 - Concession Card Fraud Prevention work stream status update

3. *Metrolinx Equipment/ TTC Fare Gates*

This work stream includes the implementation of hardware and software changes to TTC fare gates and Metrolinx equipment in order to increase reliability and availability.

Specific deliverables include:
- Methodology for calculating lost passenger revenue due to malfunctioning devices;
- Invoices for lost passenger revenue due malfunctioning devices (2016 through 2018);
- Roadmap for TTC fare gate hardware and software improvements;
- Fare gate software update to enable the collection of fare gate event data;
- In-depth review and action plan to resolve fare gate motor issues;
- Fare gate industrial computer replacement program; and
- Fare gate FareGo operating system upgrade.

Key challenge for this work stream:
- ***Dependency on vendors for resolution*** – Dependency on S&B and Metrolinx to agree to, and implement, requested hardware and software changes. They will determine the cost and schedule for addressing these recommendations. In addition, some changes are complex in that they will need to be the same for all of their customers, and will require extensive consultation.

Rec.#	Recommendation	Status update
10	Recovery of revenue loss from Metrolinx equipment (Q2 2019 – Q3 2019)	• Q2 2019: TTC hired a third party consultant who reviewed outstanding settlements with Metrolinx, including the TTC's draft invoices to Metrolinx on lost passenger revenue and the underlying methodology/calculation behind those invoices. • Q2 2019: TTC invoiced Metrolinx for lost revenues resulting from PRESTO equipment not working for the three years ending December 31, 2018. • Q2 2019: A letter was sent to the Metrolinx CFO from the TTC's CFO explaining TTC's calculation methodology of revenue loss from down devices. • Q3 2019: Over the course of June and July 2019, the CEO's from TTC and Metrolinx held a number of discussions and exchanged correspondence in order resolve outstanding contract issues and claims, and addressing motions related to a number of TTC Board reports. Unfortunately, these discussions were unsuccessful and both parties agree to initiate the dispute resolution process as outlined in the Master E-Fare Agreement between the TTC and Metrolinx. (For additional details, see Status of related Board Member motions).
11	TTC Fare Gate improvements (Q1 2019 – Q1 2020)	• Ongoing: Fare gate functionality is reviewed regularly with the fare gate vendor, S&B. These meetings review functionality, availability, as well as any issues raised from operational staff. Depending on the subject matter, meetings are held weekly, bi-weekly and monthly. • Q1 2019: Re-organized the first line maintenance crews and work locations to reduce the response time required to address any

Rec.#	Recommendation	Status update

		emergency calls. Early morning crews inspect all gates in the high use stations (downtown core). During rush hour teams are assigned to specific stations/areas within the system to quickly address any issues that arise.
		• Q1 2019: Roadmap for 2019 hardware and software improvements has been developed and elements are currently in progress to address the following issues: screen freezing, tap/no entry, card reader failures, motor and heater failures.
		• Q1 2019: Stations staff report out daily on the fare gates requiring service before station opening and then ongoing throughout the service day. Automation will allow Stations to respond to and to provide required customer service at the entrances impacted. Current station opening procedures include:
		    1. Collector/CSA equipment outage reporting to Station Staff and TCC IMC desk.
		    2. Station Staff – Monday-Friday AM KPI report distributed.
		    3. RSEM Outage Update distributed to all Station Staff.
		• Q1 2019: Settings were updated on fare gates to have the paddles remain closed at all times, unless TTC staff are present. All fare gates still allow for emergency egress.
		• Q3 2019: Revenue control team has developed reports for fare gates that are not reporting revenue and, therefore, require immediate attention.
		• Q3 2019: A software update has been developed and we currently conducting a pilot at a small number of stations until mid-September. If approved the deployment should be completed by the end of September. Once the software is deployed, the collection of fare gate event data can begin, so that information can be used to determine the rate of illegal entries at subway stations, and to strategically allocate fare inspection resources.
		• Q4 2019: Complete an in-depth review of gate motors. The team is currently reviewing the information obtained and developing recommendations for next steps. The report is expected to be completed shortly, and an action plan will be developed based on those findings.
		• Q4 2019: A program to replace the industrial computers used to control the fare gates to improve their reliability and increase data logging capabilities allowing for enhanced troubleshooting.
		• Q1 2020: A software upgrade to the fare gate operating system (FareGo) will be implemented to provide the ability to receive automatic alerts when gates go out of service.

22	PRESTO hand-held fare inspection device improvements (Q2 2019 – Q4 2020)	• Q3 2019: A process has been developed for tracking status, actions and reporting tool for Hand Held Point of Sale (HHPOS) devices. Metrolinx has provided increased visibility into maintenance status information. • Q3 2019: A change request was submitted to Metrolinx to initiate the work to provide a hand held device solution that can perform fare inspection activities similar to the current HHPOS device and accept/process PRESTO fare payments similar to the MFTP used on

Rec.#	Recommendation	Status update
		Wheel-Trans vehicles. Schedule and cost estimates are expected by 2019 year-end.
		• Q3 2019: A change request was submitted to Metrolinx to improve the software application logic and interface for the HHPOS device to increase the rate of fare inspections conducted by TTC staff. Schedule and cost estimates are expected by 2019 year-end.
		• Q4 2020: Implementation of software application logic and interface for the HHPOS device to increase the rate of fare inspections conducted by TTC staff.

Table 3 - Metrolinx Equipment/ TTC Fare Gates work stream status update

4. *Foundational Items – Customer communications, employee awareness, data-driven decision making and controls, reporting and oversight*

The foundational work stream is supporting group of actions that are continuously updated as the primary work streams in the Revenue Control Strategy are developed and implemented.

Specific deliverables include:
- Ongoing customer communications campaign – public awareness and educational campaigns on fare evasion, proper usage of PRESTO on TTC, proof-of-payment, fare gate usage, etc.;
- Fare evasion audit methodology;
- Internal and external reporting on fare evasion targets, trends, etc.;
- Ongoing employee awareness campaign – processes, procedures, training and communications tactics; and
- Fare gate and PRESTO device driven reports.

Key challenge for this work stream:
- ***Communication*** – striking a balance on how often messages are distributed to avoid having the message ignored or overlooked.

Rec.#	Recommendation	Status update
2	Customer awareness (Q2 2019 – Q3 2019)	• Q2 2019: Public customer fare payment awareness campaign developed and deployed in May 2019. Topics included fare evasion, using PRESTO on the TTC, and informing and educating customers about Proof-of-Payment. • Q3 2019: "Tap Every Time" campaign planned for fall 2019. The "Tap Every Time" campaign is to inform and educate customers about the importance of tapping their PRESTO card when boarding a vehicle and when entering a subway station. Tapping deducts a customer's fare, validates their two-hour transfer and verifies their monthly pass. Tap Every Time decals were put on all of the streetcars, ads were run and continue to be run in StarMetro, on the Platform Video Screens and promoted across our social media channels. Information was also shared internally via TTC-TC and

Rec.#	Recommendation	Status update
		through our Leaders' Digest email blast. Staff was also reminded to tap their TTC identification cards when they board a bus or enter a subway station as well. • Ongoing: Campaigns will be revised and/or released to support the release of deliverables from the primary Revenue Control Strategy work streams.
3	Accurately measure and publicly report on the fare evasion rate (Q1 2019 – Q1 2020)	• Q1 2019: 11 Transit Fare Inspectors (TFIs) hired, trained and deployed in May. These resources were part of the 2018 budget. • Q2 2019: The fare evasion rate calculation developed by TFIs has been modified to use the denominator to the number of passengers inspected, rather than number customers on vehicle. • Q2 2019: TFIs begin using counters for accurate tally of fares inspected. • Q2 2019: 15 TFIs hired, trained and deployed in July. • Q2 2019: 20 Transit Enforcement Officers (TEOs) hired and trained. Deployment on target for end of September. • Q3 2019: A two-phased field study was conducted by the Audit, Risk and Compliance (ARC) department to observe customer PRESTO tapping behaviour on King and Queen streetcar routes. The first phase involved observations being made by four ARC staff and phase two involved four ARC staff paired with four TFIs. The visible TFI presence significantly improved tapping behaviour from 64% in phase one to 80% in phase two. The non-tapping customers were inspected by TFIs in phase two with 11% confirmed to have valid POP or made a payment at the fare vending machines, 3% did not have valid POP and the remaining 6% could not be inspected due to high customer volume. Insights and observations will inform streetcar fare inspection strategy. • Q3 2019: 17 TFIs hired and trained. Deployment on target for end of September. • Q4 2019: 22 TFIs to be hired for mid-October 2019. • Q1 2020: 8 TEOs to be hired. • Q1 2020: Audit, Risk and Compliance Department to conduct full audit incorporating AG methodology. Report to ARMC in Q1 2020.
7	Employee awareness/ Fare dispute key (Q2 2019 – Q4 2019)	• Q2 2019: Bus and streetcar operators were instructed to use fare dispute key when observing customers not paying a fare. Also, to educate customers of the requirement to pay a fare. Data from the fare dispute button is incorporated into the BUS STOP (Bringing Uniform Support to Surface Operating Personnel) initiative. The data aids in the strategic deployment of TEO's to bus routes and times. TEO's ride buses on those routes to support the operator and have a visible presence. During the detail TEO's will provide education and enforcement as required. • Q3 2019: All TTC employees were reminded in mid-July 2019 to do their part to ensure they are riding the system fairly. Each TTC employee is issued an ID card and is responsible to safeguard that card, always have it with them while on duty and produce it as proof of identity when requested.

Rec.#	Recommendation	Status update
		• Q3 2019: In preparation for September, fare dispute key operator awareness campaign re-launched. • Q4 2019: Operator initial and re-certification training to be updated to include fare dispute key information. • Ongoing: Employee awareness campaigns will be revised and/or released to support the release of deliverables from the primary Revenue Control Strategy work streams.
12	Open fare line controls (Q1 2019 – Q2 2019)	• Q1 2019: Settings were updated on fare gates to have the paddle close automatically when a customer walks towards an open fare line and collector aisles. A Collector can wave the customer through the entrance, but the gate paddles will be closed at all other times, deterring a customer from sneaking through those entrances without paying their fare. • Q1 2019: Quality assurance audits were implemented to ensure that crash gates are not left open and unattended. • Q1 2019: Additional training was developed and implemented for Collectors, Customer Service Agents and Customer Service Representatives on crash gate policies and procedures. • Q2 2019: All non-essential crash gate crews and crash gate event extras were cancelled, with the exceptions are Kipling Aukland and Eglinton South Station entrances. These entrances are required to accommodate customers requiring an accessible entrance paying with TTC legacy fare media (tickets, tokens or cash).
25	Risk-based and strategic fare inspection and collection program (Q1 2019 – Q4 2020)	• Q1 2019: Recognizing the existing work of staff, the Revenue Control Unit (RCU) was formally established within the Finance Department in March 2019. • Q1 2019: TFIs worked along side TEOs in a plain clothes capacity with regards to possible fraudulent usage of PRESTO child concession cards. Data was compiled by our RCU and a strategic deployment of our inspectors/ officers was put forward to target the misuse at high incident stations. As a result of this data, over a 4-week period concession card inspections were conducted, which led to 291 criminal and provincial charges for the 7140 concession cards physically checked. • Q2 2019: RCU established additional means of reporting to improve the evidence base for fare inspection and fare collection programs to direct resources to those locations/times of day with higher risk of evasion and/or equipment failures i.e. fare dispute keys usage, fare gate event data, PRESTO ridership data, including PRESTO child concession card analysis for time of day/location. • Q2 2019: Bus and streetcar operators were instructed to use fare dispute key when observing customers not paying a fare. Also, to educate customers of the requirement to pay a fare. Data from the fare dispute button is incorporated into the BUS STOP (Bringing Uniform Support to Surface Operating Personnel) initiative. The data aids in the strategic deployment of TEO's to bus routes and times. TEO's ride buses on those routes to support the operator

Rec.#	Recommendation	Status update
		and have a visible presence. During the detail TEO's will provide education and enforcement as required.
		• Q3 2019: Preliminary in-depth analyses were conducted on PRESTO child concession card transactional data to determine overall PRESTO child concession card usage and station-by-station usage of the PRESTO child concession card. See results of this analysis in "Appendix 2 – Child card analysis".
		• Q2 2020: Using automatic passenger count boarding data overlaid with PRESTO transaction data heat maps will be produced to target deployment of Transit Enforcement personnel to possible locations of fare evasion.
		• Ongoing: Reporting and data analysis will continue to be revised and/or released to support the release of deliverables from the primary Revenue Control Strategy work streams.

Table 4 - Foundational Items work stream status update

Related Initiatives

Ombudsman Toronto Enquiry Report: Review of the TTC's Investigation of a February 18, 2018 Incident Involving Transit Fare Inspectors

Decision History:
At its July 16, 2019 meeting, City Council accepted all six recommendations included in the Ombudsman report and adopted one four-part member motion.

- City Council – July 16, 2019 Item CC9.2:
  http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC9.2#

Comments:
Through recent events, the TTC acknowledges the public's concerns regarding racial profiling and inequities in transit enforcement activities, and how important it is to be proactive in addressing these concerns to restore public trust and confidence across all aspects of the TTC's operation.

This Board report summarizes the TTC's initial steps taken towards developing a work plan to proactively and without delay enhance the TTC's efforts to combat racism through a comprehensive, system-wide Anti-Racism Strategy, which will include:

- The appropriate collection, analyzing and maintaining of race-based data in enforcement activities; and
- Implementation of the Ombudsman Toronto's recommendations under the July 9, 2019 Enquiry Report.

As mentioned within the broader context of the Ombudsman report, the TTC is committed to shifting the culture of the Transit Enforcement Unit from a traditional policing model towards a model based in security and customer service.

Fare strategy

The TTC is developing a comprehensive and integrated fare strategy. The intent is to guide all aspects of fare policy, structure and collection. It will include a five-year implementation plan and a 10-year outlook. The fare policy will identify and establish the relative priority of goals to guide the setting and collection of fares. It will also identify any constraints that influence decision making. The fare structure will outline a framework that determines how fares are set and includes the pricing strategy, fare products and fare levels. The fare collection component includes the collection approach, fare media and revenue control. Revenue control measures will also be identified to address fare evasion risks and to ensure that customers have paid their fare.

The fare strategy is anticipated to be presented to the TTC Board in Q4 2020.

Contact

Michelle N. Jones, Strategic Initiatives – DCEO's Office
416-393-2969
michelle.jones@ttc.ca

Signature

Kirsten Watson
Deputy Chief Executive Officer – Operations

Attachments

Appendix 1 – Status of related Board Member motions
Appendix 2 – PRESTO child concession card analysis
Appendix 3 – Revenue Control Strategy work plan timelines

Appendix 1 – **Status of related Board Member motions**
As noted in the Decision History of this report, the TTC Board accepted all 27 recommendations from the Auditor General's office and moved a number of member motions. While addressing these items, motions from related reports were also addressed, specifically:

- "2019 TTC and Wheel-Trans Operating Budgets" – January 24, 2019
  - Decision: http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/January_24/Reports/11_2019_TTC_Wheel_Trans_Operating_Budget_Decision.pdf
- "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" – February 24, 2019
  - Decision: http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/February_27/Reports/Decisions/3_AG_Report_Review_of_TTC_Revenue_Operations_Phase_One_Fare_.pdf
- "PRESTO Implementation Update – June 2019" – June 12, 2019
  - Decision: http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2019/June_12/Reports/Decisions/15_PRESTO_Implementation_Update_June_2019.pdf

In response to these motions, the following actions have taken place:

- An in person meeting was held in May 2019 with the Chairs from TTC and Metrolinx to discuss a number items including addressing motions related to the following reports:
  - Member motion #A from "2019 TTC and Wheel-Trans Operating Budgets" – January 24, 2019
  - Member motions #2, 3, 7 & 8 from "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" – February 24, 2019
  - Member motions #4, 5 & 6 from "PRESTO Implementation Update – June 2019" – June 12, 2019
- Over the course of June and July 2019, the CEO's from TTC and Metrolinx held a number of discussions and exchanged correspondence in order resolve outstanding contract issues and claims, and addressing motions related to a number of TTC Board reports. Unfortunately, these discussions were unsuccessful and both parties agree to initiate the dispute resolution process as outlined in the Master E-Fare Agreement between the TTC and Metrolinx.
  - The outstanding items are the top 5 gaps in key Business Requirements as outlined in the "PRESTO Implementation Update – June 2019" report.
  - Member motion #1 for the "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" report.
  - Member motion #8 from "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" – February 24, 2019
  - Member motion #1 from "PRESTO Implementation Update – June 2019" – June 12, 2019

- A letter from the TTC CFO addressed to the Metrolinx CFO that encompassed a number of motions related to the following reports:
  - Member motion #8 from "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" – February 24, 2019
  - Member motion #1 from "PRESTO Implementation Update – June 2019" – June 12, 2019
- A third-party consultant was hired to compare TTC's interpretation to leading practices on certain existing contracts between TTC and Metrolinx, in order to assist TTC and Metrolinx in negotiating a settlement with these contracts. The purpose of this was to conduct a reasonability check on TTC's position on the service level agreement with Metrolinx. In addition, meetings were held with a couple suppliers and owners of a payment card system, such as a debit or credit payment system.
  - These actions address member motion #2 for the "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection".
- TTC and Metrolinx staff jointly completed a review of the status of the Business Requirements included in the Master E-Fare Agreement between the TTC and Metrolinx. As a result of this review, the top 5 gaps in key Business Requirements were identified and outlined in the "PRESTO Implementation Update – June 2019" report. These unfulfilled contractual obligations remain crucial to delivering quality customer experience and supporting the operations of world-class electronic payment system.
  - These actions address member motion #9 for the "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" report.
- Preliminary in-depth analyses were conducted on PRESTO child concession card transactional data to determine overall PRESTO child concession card usage and station by station usage of the PRESTO child concession card. See results of this analysis in "Appendix 2 – Child card analysis".
  - These actions partially member motion #6 for the "Auditor General's Report – Review of Toronto Transit Commission's Revenue Operations: Phase On – Fare Evasion and Fare Inspection" report.

Appendix 2 – PRESTO child concession card analysis

Preliminary analysis was conducted on PRESTO child concession card transactional data to estimate overall PRESTO card usage and station by station usage of the PRESTO child concession card.

Finance's revenue control unit has developed the following bi-weekly child card usage reports to assist the Transit Enforcement Unit in determining strategic deployment of inspection staff:
1. Child concession card usage by location and by time of day – 2-week period
2. Child concession card usage by location and by time of day – year to date
3. Child concession card usage by location for each mode (bus, streetcar, subway) – 2-week period
4. Top Child concession cards with >100 transactions per 2-week period and top 5 locations used by these cards
5. Top Child concession card use by Faregates by hour – 2-week period

A specific, costed action plan to reduce PRESTO child concession card fraud and evasion can be completed after key actions are finalized from the Concession Card Fraud Prevention work stream, specifically:

- Improved controls and monitoring for third-party distribution of PRESTO concession cards
- Cost and time estimates are provided by Metrolinx for implementing revised procedures for third-party distribution of PRESTO concession cards (Q4 2019)
- Cost and time estimates are provided by Metrolinx for implementing visually distinct PRESTO concession cards (Q4 2019)
- Cost and time estimates are provided by Metrolinx for implementing visually distinct lights and sounds on card reader equipment for PRESTO concession cards (Q4 2019)
- Refreshed Child PRESTO card business case – determine if we stop selling or keep selling (Q2 2020)

As a result of reports developed by the revenue control unit, the TEU conducted inspections targeting key stations and stops that had unusual usage for the child concession cards. For example, in March a 4-week blitz focusing on the potential fraudulent use of child concession cards resulted in 291 Provincial and Criminal charges being laid for the 7140 concession cards physically checked.

The following figures indicate child concession card analysis of unique card growth, transaction growth, top usage locations and usage patterns by time of day. The growth figures, for the period January to June 2019, indicate that the child concession cards and transactions have primarily grown at a faster rate than all other cards. For the same period, usage patterns indicate that an average of 25% of child concession cards are used between 11pm and 6am. This suggests that a high number of these cards are potentially being used fraudulently.

Child concession cards – Unique card growth
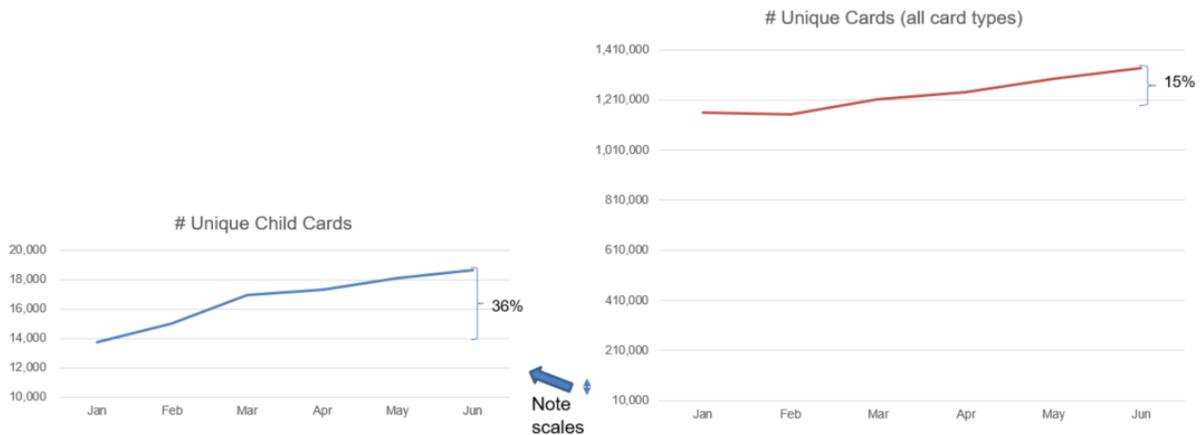
- Between January and June 2019, the number of unique child cards issued grew by 36% as compared to 15% growth for all cards issued. These unique child cards represent 1.4% of all unique cards (as of June 2019).

Figure 2 - Child concession card - Unique card growth

Child concession cards – Transaction growth

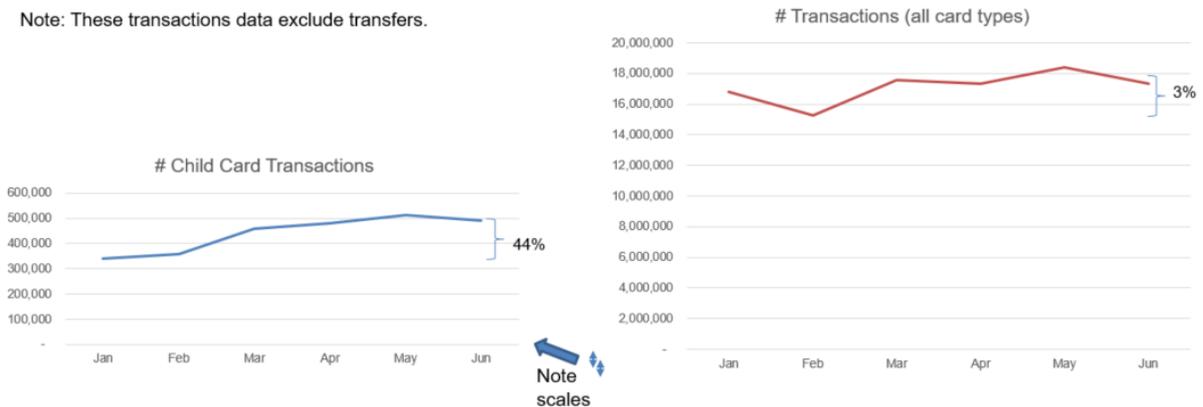- Between January and June 2019, the number of child card transactions grew by 44% as compared to 3% growth for all cards issued. These child card transactions represent 2.8% of all card transactions (as of June 2019).

Figure 3 - Child concession cards - Transaction growth

Child concession card use by location – Top 10 locations (all modes)

Bus Total = 2,955,155 (72%)

Subway Total = 1,054,430 (26%)

Streetcar Total = 88,880 (2%)

Total CC Transactions

■ Bus ■ Subway ■ Streetcar ■
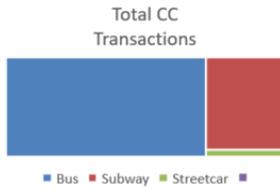
Note: Includes e-purse ("paid" trip), plus transfers.
* includes Wheel-Trans (697)

Location	# of CC Transactions	% of Total
1) DUNDAS STATION	74,463	1.8%
2) UNION STATION	46,767	1.1%
3) SCARBOROUGH CENTRE STATION	40,475	1.0%
4) FINCH STATION	32,293	0.8%
5) JANE STATION	31,384	0.8%
6) QUEEN STATION	31,090	0.8%
7) BLOOR STATION	30,702	0.7%
8) DON MILLS STATION	29,304	0.7%
9) YORK UNIVERSITY STATION	28,440	0.7%
10) WILSON AVE AT JANE ST	28,420	0.7%
Top 10 Locations (Sub Total)	373,338	9.1%
REST OF LOCATIONS	3,725,824	90.9%
TOTAL CHILD CARD TRANSACTIONS*	4,099,162	100.0%

Top 10 locations Comprise 9.1% of total Child Card Transactions

Figure 4 - Child concession cards - Top 10 locations (all modes)

Child concession card usage patterns by time of day

- Similar patterns are observed between Jan-June. Peak travel is **8-9am** and **3-4pm.**
- Increase in usage occurs in warmer months (Mar-May). June does not follow this pattern.
- An average of **25%** of child concession cards were used **between 11pm and 6am** between Jan-June. It is assumed that there are a number of these users that are not children aged 12 and under.
- This usage represents an average of **more than 37%** of all child card transactions over this 6 month period.

Note: This analysis excludes transfers.

Jan 1 – June 30, 2019

Figure 5 - Child concession cards usage patterns by time of day

Appendix 3 – Revenue Control Strategy work plan timelines

Fare Inspection and Collection

	2019 Q1	Q2	Q3	Q4	2020 Q1	Q2	Q3	Q4
1. Fare evasion targets and revenue loss strategies		■	■	■	■			
4. Fare inspection data collection and training			■	■	■			
5. Streetcar fare inspection and collection			■	■	■			
6. Bus fare inspection and expansion	■	■	■	■	■			
8. Subway fare inspection and expansion	■	■	■	■	■			
9. Strategies to reduce illegal subway entries	■	■	■	■	■			
20. Mix of Transit Fare Inspectors vs. Transit Enforcement Officers		■	■	■	■			
21. Authority level, tools, and uniforms for Transit Fare Inspectors		■	■	■	■			
23. (Off-boarding) fare inspection process			■	■	■			
24. Access to previous fare evaders information		■	■	■	■			
26. Fare inspection and appeal process efficiency				■	■			
27. Fare Policy revision to enable fare inspection and collection		■	■	■	■			

Concession Card Fraud Prevention

	2019 Q1	Q2	Q3	Q4	2020 Q1	Q2	Q3	Q4
13. Reassess the need for PRESTO child concession cards	■	■	■	■	■			
14. PRESTO child concession card controls	■	■	■	■	■	■	■	■
15. Visually distinct PRESTO child concession cards		■	■	■	■	■	■	■

Figure 6 - Fare Evasion and Fare Inspection Report recommendations grouped by Revenue Control Strategy work stream - part 1

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
16. Visually distinct lights and sounds and on card reader equipment for PRESTO child concession cards								
17. Distribution control improvements for PRESTO child concession cards								
18. Strategies for reducing fraudulently used PRESTO child concession cards								
19. Temporarily suspend PRESTO child concession cards								

	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Metrolinx Equipment/ TTC Fare Gates								
10. Recovery of revenue loss from Metrolinx equipment								
11. TTC Fare Gate improvements								
22. PRESTO hand-held fare inspection device improvements								

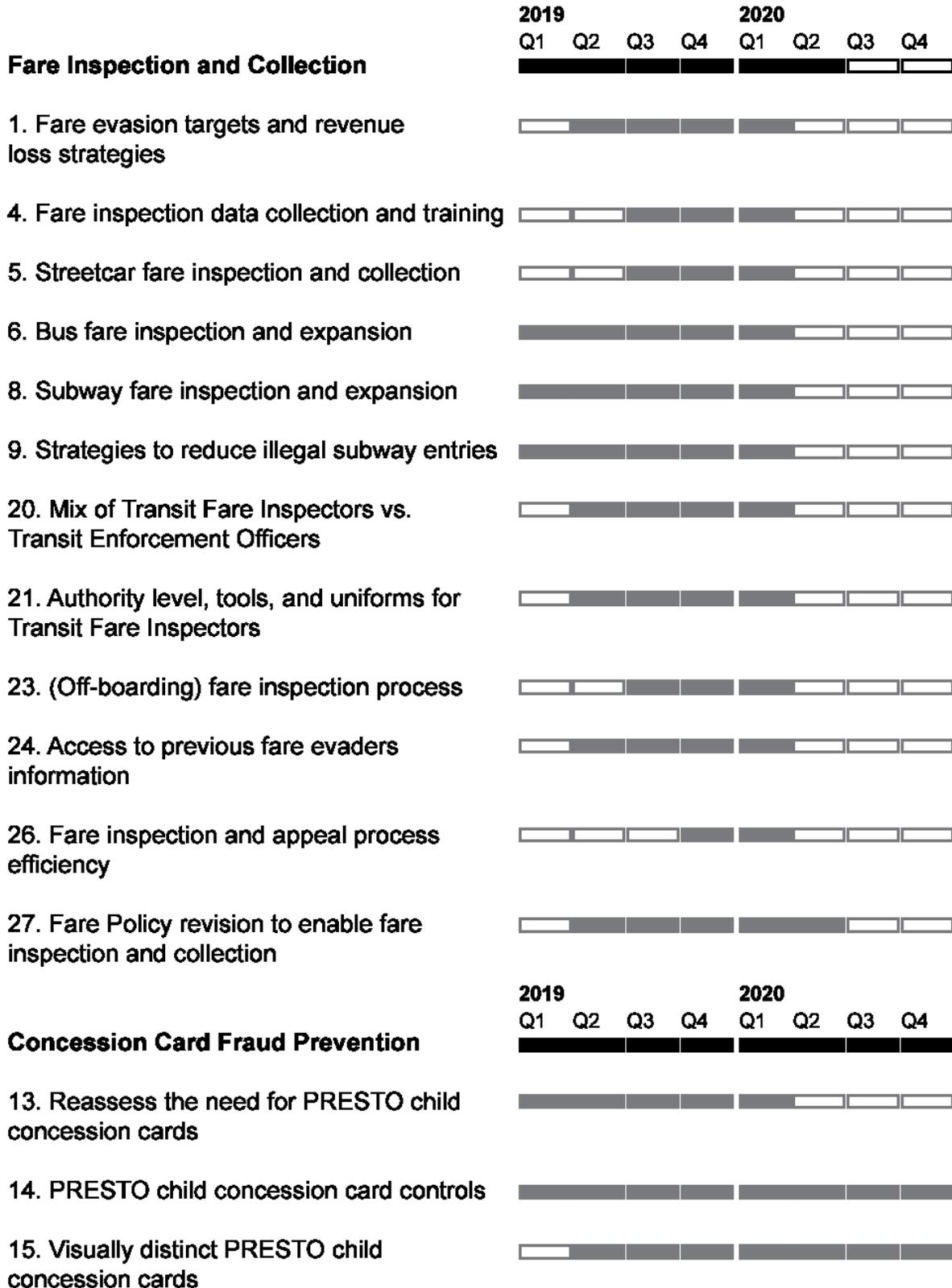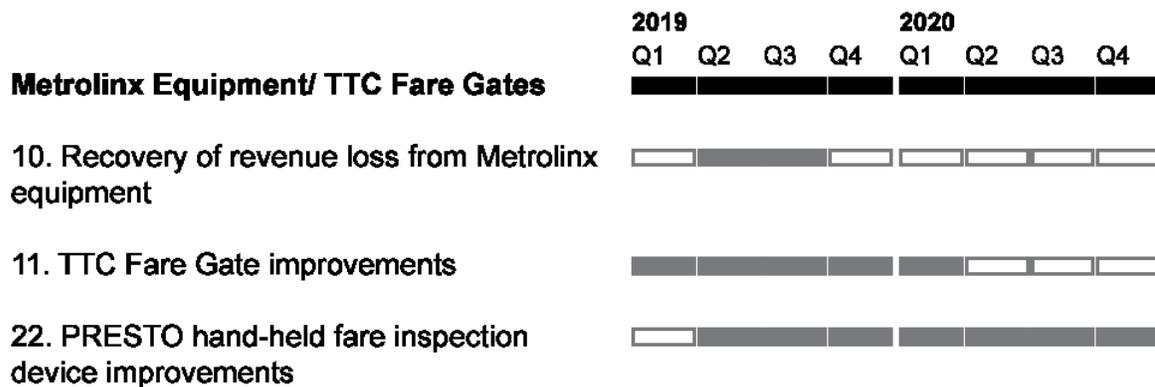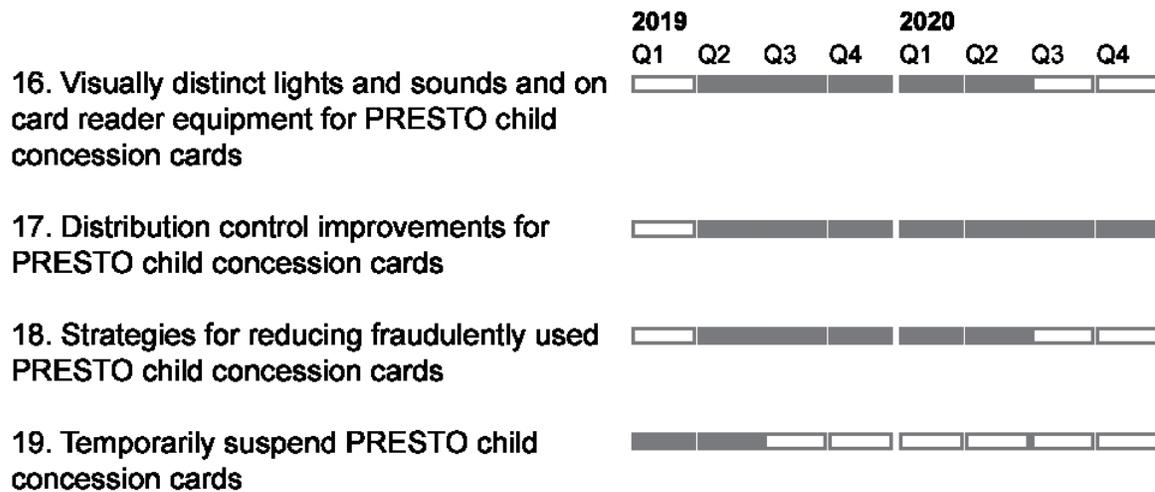|	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Foundational Items – Customer communications, employee awareness, data-driven decision making and controls, reporting and oversight								
2. Customer awareness								
3. Accurately measure and publicly report on the fare evasion rate								
7. Fare dispute key – employee awareness								
12. Crash gate controls								
25. Risk-based and strategic fare inspection and collection program								

Figure 7 - - Fare Evasion and Fare Inspection Report recommendations grouped by Revenue Control Strategy work stream - part 2